

AMENDED IN ASSEMBLY JUNE 30, 2008

AMENDED IN ASSEMBLY JUNE 16, 2008

AMENDED IN SENATE MAY 12, 2008

AMENDED IN SENATE MARCH 25, 2008

**SENATE BILL**

**No. 1252**

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**Introduced by Senator Padilla**

February 15, 2008

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An act to amend Section 4456.3 of the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

SB 1252, as amended, Padilla. Vehicles: dealers: consumer protection. Existing law creates the Consumer Motor Vehicle Recovery Corporation (recovery corporation), with a board of directors with certain powers and duties, in order to provide payments to consumers on eligible claims, including, but not limited to, a vehicle dealer or lessor-retailer's failure to remit license or registration fees or failure to pay proceeds of a consignment sale, subject to certain requirements and limitations. The Department of Motor Vehicles is required to charge dealers or lessor-retailers a fee, as prescribed, for each vehicle sold by the dealers or lessor-retailers. The department is authorized to retain an amount that is equal to the department's costs related to collecting and processing the fees while making quarterly payments to the recovery corporation in order to fund its operations and pay eligible consumer claims. The recovery corporation is required to reimburse the department for all reasonable expenses incurred in implementing the program and reasonable startup expenses incurred by the department to comply with the program requirements.

This bill would limit the amount of the costs the department can retain and the expenses *incurred in implementing the program for which* the department can be reimbursed to no more than 10% of the fees collected.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 4456.3 of the Vehicle Code is amended  
2 to read:  
3 4456.3. (a) The department shall charge a dealer or  
4 lessor-retailer a fee, as established by the director pursuant to  
5 subdivision (b), for each vehicle sold by a dealer or lessor-retailer  
6 and reported on a report-of-sale form issued by the department to  
7 a dealer or lessor-retailer, or for every vehicle sold by a dealer or  
8 lessor-retailer if that licensee does not use a report-of-sale form  
9 issued by the department because the report of the sale is given  
10 electronically or otherwise. The department shall collect the fee  
11 and the fees shall be paid to the Consumer Motor Vehicle Recovery  
12 Corporation as described in Chapter 11 (commencing with Section  
13 12200) of Division 5. The department shall not charge more than  
14 a total of two thousand five hundred dollars (\$2,500) in fees under  
15 this section to a dealer licensee within a calendar year.  
16 (b) The director shall establish the fee at one dollar (\$1) and  
17 shall collect the fee. The director shall deposit the fees received  
18 in the Motor Vehicle Account. Notwithstanding Section 13340 of  
19 the Government Code, the revenues from the fees deposited in the  
20 Motor Vehicle Account, less an amount that the director determines  
21 is equal to the department's costs related to collecting and  
22 processing the fees, not to exceed 10 percent of the fees collected,  
23 is hereby continuously appropriated to the department for quarterly  
24 payment to the Consumer Motor Vehicle Recovery Corporation  
25 until the Consumer Motor Vehicle Recovery Corporation notifies  
26 the department that the balance in the recovery fund maintained  
27 by the corporation has reached five million dollars (\$5,000,000).  
28 Within 90 days after being notified by the Consumer Motor Vehicle  
29 Recovery Corporation, the director shall cease collecting the fee.  
30 Thereafter, if the amount in the recovery fund maintained by the  
31 corporation is less than two million dollars (\$2,000,000), the  
32 Consumer Motor Vehicle Recovery Corporation shall notify the

1 department of the amount necessary to return the recovery fund  
2 balance to five million dollars (\$5,000,000). Within 90 days of  
3 being notified, the director shall collect the fee and pay the fee  
4 revenue required by this subdivision until the Consumer Motor  
5 Vehicle Recovery Corporation notifies the director that the  
6 recovery fund has reached five million dollars (\$5,000,000). Within  
7 90 days of being notified, the director shall cease collecting the  
8 fee.

9 (c) (1) The Consumer Motor Vehicle Recovery Corporation  
10 shall reimburse the department for all reasonable expenses incurred  
11 in implementing this section.

12 (2) The Consumer Motor Vehicle Recovery Corporation shall  
13 reimburse the department for all reasonable startup expenses  
14 incurred by the department to comply with this section within 90  
15 days after the department begins collecting the fees and  
16 transmitting them to the corporation as provided in this section.

17 (3) The expenses, for which the department is to be reimbursed  
18 pursuant to ~~paragraphs (1) and (2)~~ *paragraph (1)*, shall not exceed  
19 10 percent of the fees collected.

20 (d) This section shall become operative on July 1, 2008.